ANNUAL REPORT

CCA

CONTAINER CORPORATION OF AMERICA

1956

Andersen

March 4, 1957

TO THE SHAREHOLDERS AND EMPLOYEES

It is a pleasure to present to you a report for 1956, which once more reflects a new record in sales as well as in net earnings, the highest hourly wages paid in any year, and the largest disbursement of dividends to shareholders.

This report entirely consolidates the data of The Mengel Company for 1955 and 1956 and Wayne Paper Box and Printing Corporation for 1956. However, the statements made in the first paragraph apply whether or not Mengel and Wayne figures are included. Last year's annual report did not include the figures of Mengel and Wayne on a consolidated basis throughout. It contained only separate consolidated statements including The Mengel Company balance sheet and profit and loss account.

FINANCIAL REVIEW

Consolidated sales were $276,008,765 compared with $258,463,036 in 1955, an increase of 6.8%. Net earnings aggregated $18,230,919, or an increase of 11.1% over 1955; these earnings are after all charges, including provisions for depreciation and Federal, state, and local taxes.

After Preferred dividends the net earnings represent $1.71 a share on each of the 10,508,892 outstanding shares of Common stock, compared with $1.59 per share in 1955 on the 10,089,804 shares outstanding at the end of that year, adjusted for the four for one split in September 1956. The return on shareholders' investment was 18.3% compared with 18.4% in 1955, based on the invested capital at the beginning of each year.

When your Company's participation in profits of foreign corporations is included, it increases the net earnings by $1,150,000 and brings the per share earnings up to $1.82.

Federal income taxes were $19,700,000, or $1.87 a share compared with $18,600,000, or $1.84 in the previous year.

Quarterly earnings per share on the outstanding Common stock were:

1st Quarter	.44
2nd Quarter	.47
3rd Quarter	.40
4th Quarter	.40*
*The fourth quarter earnings include $.08 per share representing year end adjustments.	1.71

The record of dividends paid in 1956 was:

Preferred Stock	
March 1	1.00
June 1	1.00
September 1	1.00
December 1	1.00
	4.00

Common Stock*	
February 20	.18¾
May 25	.18¾
August 25	.18¾
November 26	.25
*Adjusted for the four for one split.	.81¼

A GLANCE AT THE LAST FIVE YEARS

	1956*	1955*	1954	1953	1952
Sales	276 008 765	258 463 036	186 595 052	187 552 652	178 408 152
Tons shipped	1 039 111	1 033 110	812 583	853 139	833 536
Earnings	18 230 919	16 411 491	13 604 232	10 127 948	10 282 948
per common share	1.71	1.59†	1.33†	.99†	1.00†
return on shareholders' investment	18.3%	18.4%	16.6%	13.0%	14.0%
Dividends paid and declared	8 767 478	7 824 363	6 569 098	5 806 407	5 813 447
per cent of earnings	48%	48%	48%	57%	57%
preferred (per share)	4.00	4.00	4.00	4.00	4.00
common (per share)	.81¼†	.75†	.62½†	.55†	.55†
Earnings retained for requirements of the business	9 463 441	8 587 128	7 035 134	4 321 541	4 469 501
Depreciation and depletion	6 059 624	5 686 373	4 109 753	3 930 557	3 668 041
Factory and paper mill additions and improvements	21 148 128	9 280 803	8 713 319	3 947 614	5 475 585
Working capital (current assets less current liabilities)	43 201 729	43 965 027	24 560 201	27 860 806	28 848 239
Taxes (Federal, state, and local)	24 123 834	22 476 537	18 329 045	20 764 350	22 742 572
per common share	2.30	2.23†	1.84†	2.09†	2.29†
Hourly wages paid	55 638 612	53 298 939	38 838 204	38 138 310	34 379 418
Shareholders' investment	115 477 342	99 440 407	89 382 206	81 740 230	77 719 229
Shareholders' investment per employee	7 482	6 474	7 275	7 052	6 498

*Includes The Mengel Company for 1955 and 1956 and Wayne Paper Box and Printing Corporation for 1956.
†Adjusted for the four for one split in 1956.

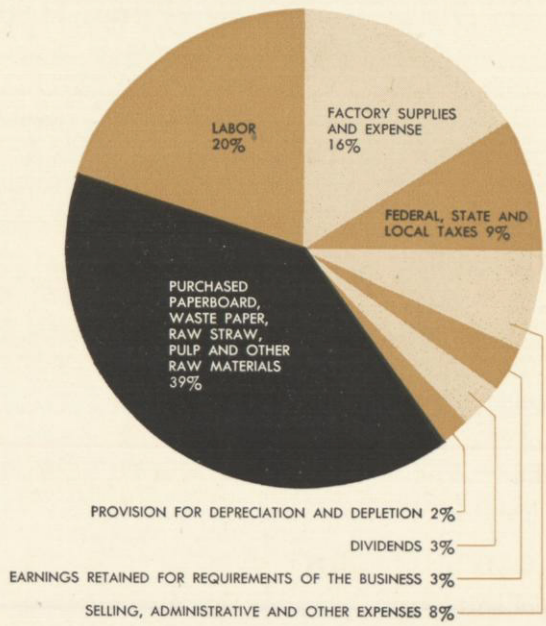
Provision for depreciation at similar rates as in previous years was $5,806,538. The increase of $475,310 over 1955 reflects a larger number of operating properties and the additional depreciation on newly added facilities, machinery, and equipment. During the year timber was depleted to the extent of $253,086.

Selling, administrative, and general expenses of $21,947,478 were $1,430,349 or 7.0% higher than in the previous year. However, the percentage of these expenses to sales was 7.9% in both years.

Increased overhead and expenses were occasioned by the continuing inflationary trend in the United States economy causing increases in salaries, transportation costs, expenses of men on the road, and other similar costs.

Repair and maintenance charges were $13,125,402, compared with $11,795,403 a year ago; here again the higher figure was caused partly by higher hourly wage and material costs and partly by the added repair and maintenance charges of additional properties.

The following diagram shows the disposition of your Company's sales dollars for 1956.



Comparative tabulation of the disposition of your company's sales dollars.

	1956		1955	
Sales	276 008 765	100%	258 463 036	100%
Purchased paperboard, waste paper, raw straw, pulp and other raw materials	107 894 582	39	100 431 040	39
Labor	55 638 612	20	53 298 939	20
Factory supplies and expense	43 777 869	16	41 221 861	16
Provision for depreciation and depletion	6 059 624	2	5 686 373	2
Selling, administrative, and other expenses	20 283 325	8	18 936 795	8
Federal, state, and local taxes	24 123 834	9	22 476 537	9
Dividends	8 767 478	3	7 824 363	3
Earnings retained for requirements of the business	9 463 441	3	8 587 128	3

Following is a three-year summary of operating results:

	1956	1955	1954
Sales	276 008 765	258 463 036	186 595 052
Earnings before Federal taxes on income	37 930 919	35 011 491	29 004 232
Provision for Federal income taxes	19 700 000	18 600 000	15 400 000
Net earnings for the year	18 230 919	16 411 491	13 604 232

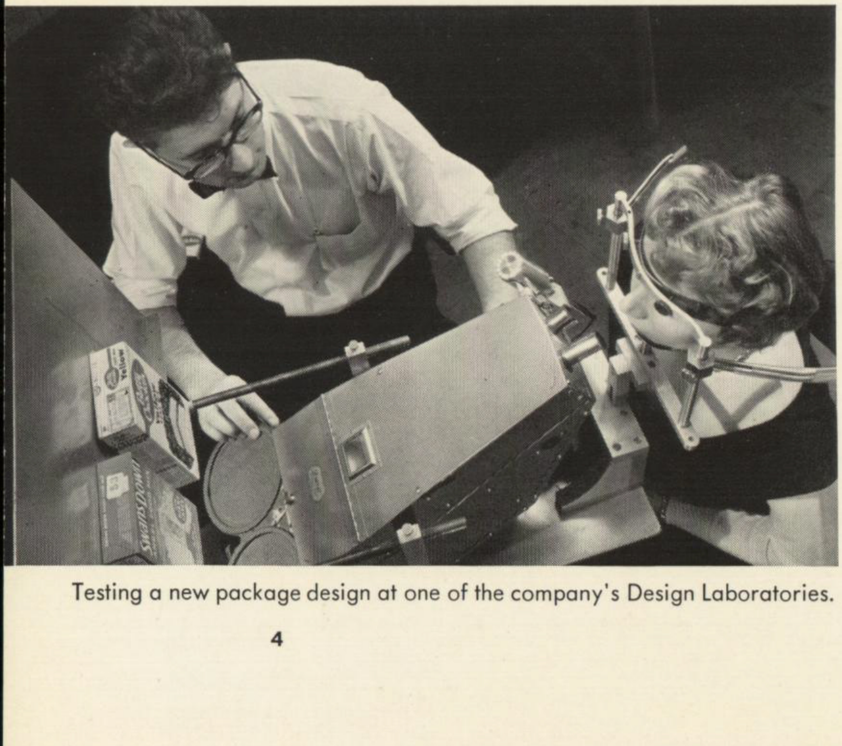
WORKING CAPITAL

There was a decrease of $763,298 in working capital: $43,201,729 at the end of 1956, compared with $43,965,027 at the end of 1955. Toward the end of the year the Furniture Division of The Mengel Company was sold to one of the large units in the furniture industry. The proceeds of this sale of assets at practically book value, amounted to about $4,400,000 and included land, buildings, machinery, equipment, receivables and inventories. Of the $34,417,490 of capital expenditures and investments, an amount of $7,940,698 did not affect working capital, as it was derived from cash and U. S. securities set aside for additions and improvements. A sum of $6,086,547 was invested in foreign operations, as forecast in the 1955 report.

U. S. Government securities of $17,362,662 are sufficient to provide for all Federal income taxes as they become due.

CAPITALIZATION

An offer to exchange one share of Container Corporation's formerly outstanding $10 par value Common stock for two shares of The Mengel Company's outstanding Common stock was made. On May 21, when the exchange offer expired, 209,544 shares of Mengel stock had been exchanged, which together with the previously acquired shares represents 96.8% of The Mengel Company's outstanding Common stock.



Testing a new package design at one of the company's Design Laboratories.

At a special meeting held on September 12 the shareholders approved the recommendations of the Board of Directors that the $10 par value common stock of your company be changed to $5 par value and be split four for one. The shareholders also approved an increase of the authorized new $5 par value common shares to 15,000,000 of which 10,508,982 are outstanding. This action, in order to bring the par value to $5, required the transfer of $25,990,666 from paid-in surplus and $281,564 from earned surplus to the common stock account.

EARNINGS RETAINED FOR REQUIREMENTS OF THE BUSINESS (EARNED SURPLUS). The year's earnings of $18,230,919 were credited to this account. A total of $8,767,478 for Preferred and Common share cash dividends was deducted and $281,564 was transferred to the Common stock capital account due to the four for one split referred to above, all of which resulted in a net increase in earned surplus of $9,181,877.

SHAREHOLDERS. At the year end there were 14,797 individual shareholders, exclusive of brokers, institutions, and corporations. No individual or corporate shareholder owned more than 4% of the Company's outstanding Common shares. Approximately 50% of the shares were owned by holders of 2,000 shares or less and 30% were owned by shareholders holding less than 1,000 shares. Shares of the Company's Common stock are owned by individuals residing in each of the 48 states and in 15 foreign countries.

OPERATIONS

CAPITAL EXPENDITURES. Total capital expenditures for additions, improvements and investments were $34,417,490. The Brewton, Alabama mill, actively under construction, accounted for $7,940,698 of the total. An additional investment of $7,182,765 was made in The Mengel Company. Also included was $5,694,375 invested in West Germany and $3,421,224 toward the completion of the new paperboard mill under construction at Santa Clara, California. A new recovery boiler is being installed at the Fernandina mill. Some initial capital expenditures were made in connection with the establishment of new corrugated box factories at Dolton, Illinois (seventeen miles south of Chicago), and

An application of funds statement follows:

Funds were provided from the following sources:			
Earnings for the year		18 230 919	
Expense items which did not require cash expenditures—			
Provision for depreciation (includes depletion of $253,086)		6 059 624	24 290 543
Decrease in funds set aside for improvements			8 245 951
Container common stock issued for stock in The Mengel Company			7 124 496
Total funds provided			39 660 990
Funds were expended for the following:			
Plant and equipment—			
Additions and improvements	21 148 128		
Adjustment and reclassification of property values	682 813		
Less net book value of sales and retirements	***2 107 484***	19 723 457	
Dividends—			
4% Cumulative preferred stock	310 618		
Common stock	8 456 860	8 767 478	
Increase in investments and advances—			
Investments in subsidiaries not consolidated	4 046 378		
Other	958 669	5 005 047	
Reduction of minority interest in The Mengel Company		6 136 752	
Purchase of preferred stock		551 002	
Decrease in long term debt		150 000	
Increase in deferred charges		90 552	40 424 288
Resulting in a decrease in working capital of			763 298

Working Capital. The following tabulation shows changes in working capital:

	December 31		Increase or
CURRENT ASSETS:	1956	1955	***Decrease***
Cash	8 535 561	8 397 667	137 894
U. S. Government securities	8 557 724	9 821 524	***1 263 800***
Accounts receivable	15 078 480	14 634 476	444 004
Inventories	22 251 600	23 521 692	***1 270 092***
Total current assets	54 423 365	56 375 359	***1 951 994***
CURRENT LIABILITIES:			
Accounts payable	2 374 542	3 589 592	***1 215 050***
Accrued liabilities	8 847 094	8 242 302	604 792
Provision for Federal taxes on income	— *	578 438*	***578 438***
Total current liabilities	11 221 636	12 410 332	***1 188 696***
Net working capital	43 201 729	43 965 027	***763 298***
Current ratio	4.85 to 1	4.54 to 1	

*Provision for Federal taxes on income	17 362 662	19 115 484
Less U. S. Government Securities	17 362 662	18 537 046

Muskogee, Oklahoma. Also, preliminary funds were provided for the establishment of a new folding carton factory at Renton, Washington (ten miles south of Seattle). Another capital expenditure was made in completely renovating one of the paperboard machines at the Philadelphia paper mill. A substantial number of modern high speed fabricating units were purchased and installed at various converting factories.

The Brewton bleached sulphate pulp and board mill is scheduled to be finished and ready to begin operations during the last quarter of 1957. The new seven-cylinder paperboard mill at Santa Clara, too, should be ready for operation toward the end of the summer. The Muskogee corrugated container factory is to begin operations during the first half of 1957; the Renton, Washington, folding carton factory some time this spring; the Dolton corrugated container factory toward the end of the year.

At the year end unexpended but approved capital appropriations amounted to $36,727,051, contrasted with $51,894,338 a year ago.

During the year, $5,694,375 was invested in Europa Carton, A.G., for the construction of the new paperboard mill south of Bremen. An investment of $392,172 was made in Latin American projects.

Corrugated shipping containers and kraft paper bags produced by the Latin American affiliates.

PRODUCTION. In the following table the tons of paperboard produced in your Company's mills and the tons of finished product shipped are set forth in a ten year comparison:

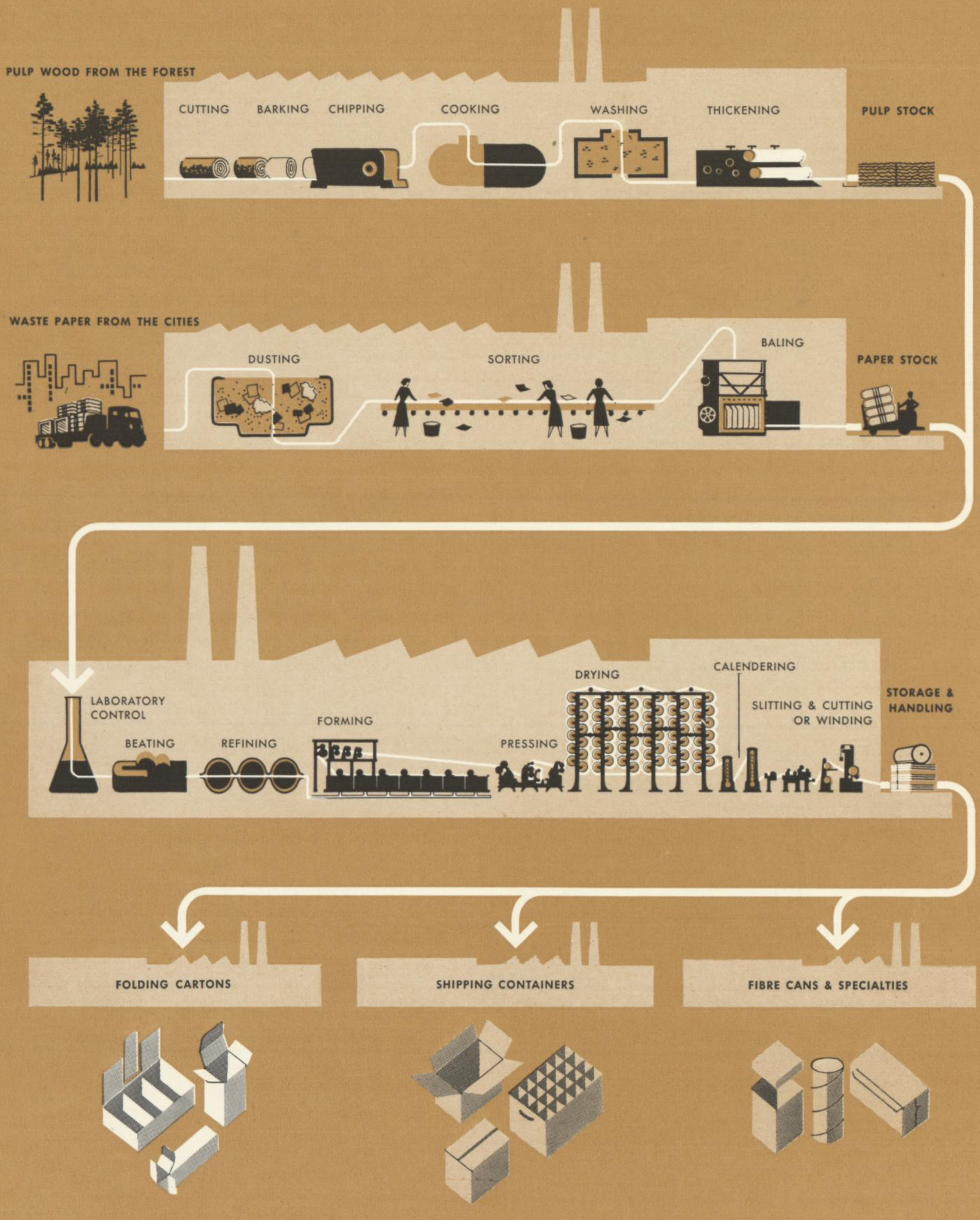
	Tons Produced in Mills	Tons Finished Product Shipped
1947	589 780	675 583
1948	617 936	725 798
1949	556 854	673 038
1950	693 960	863 888
1951	745 246	914 861
1952	685 886	833 536
1953	701 960	853 139
1954	707 101	812 583
1955	793 587	1 033 110
1956	807 428	1 039 111

As usual, the tons of finished product shipped exceed the tons of paperboard produced in the company's mills because some paperboard was purchased from other producers. Further, the tons of finished product shipped include paperboard products of Mengel in 1955 and 1956 and Wayne in 1956, neither of which operates paperboard mills.

An expenditure of $13,125,402 was charged to cost of operations for repair and maintenance of properties. As a result of this substantial expenditure and the above mentioned improvements, additions, expansions, and replacement of obsolescent machinery your Company's properties are in first class operating condition. Once more, greater operating efficiency and continuous improvement of methods resulted in greater production on the self-same units.

Through accelerated research and laboratory controls and through the addition of better preparation equipment, a very marked improvement was made in the quality of Concora liner and corrugating medium. This and the quality improvements made in fabrication resulted in the highest quality of containers that your Company has ever produced. This quality improvement has already been beneficial during the last few months of last year and will be particularly noticeable in the current year.

MAKING PAPERBOARD



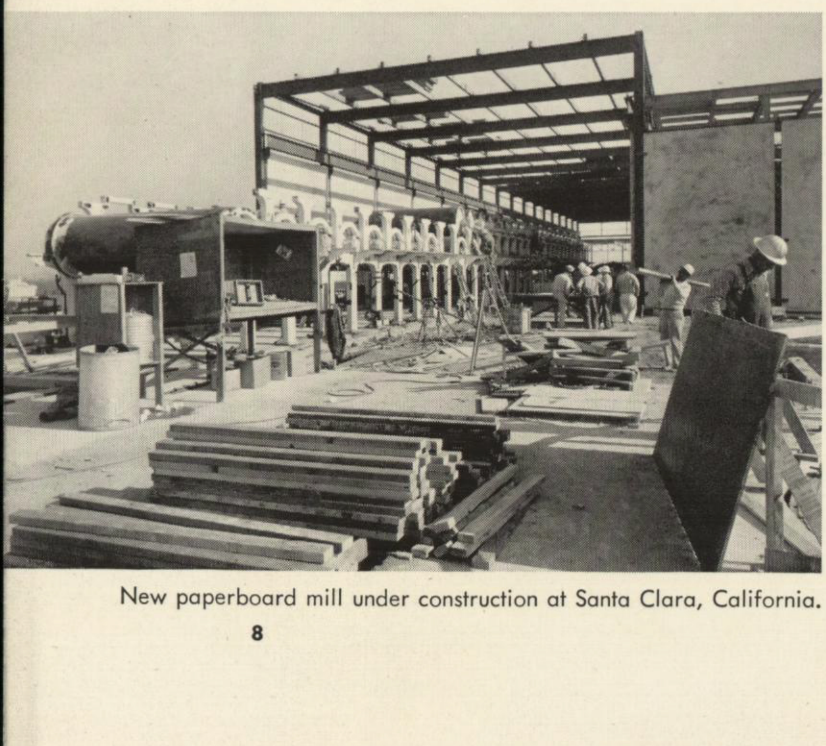
TIMBERLAND AND REFORESTATION. At the year end your Company had 292,359 acres of timberland under control through fee simple ownership, long term leases, and timber cutting rights. This includes acreage controlled by The Mengel Company. These lands are strategically and economically located with respect to the consuming mill at Fernandina, Florida.

The pine seedling distribution program, started in 1940, has continued without interruption and during 1956 approximately three million seedlings were again purchased and given to 4-H Clubs, Future Farmers of America, individual wood farmers, and planted on company controlled lands.

Your Company actively supported a tree genetics program which has been instituted in the South to develop superior trees. Along these lines, our own seedling nursery is being established which will enable us to develop better pine seedlings by using seed from selected trees.

The program of technical assistance to private land owners is being continued; fire protection has been improved and conservation measures increased. Only a very small percentage of your Company's pulpwood requirements is obtained from company owned lands and such cutting as is done is designed to improve the present and future growth on these properties. Additional pulpwood concentration yards have been established and more are planned. An important step was taken during the past year in establishing long term contracts to utilize saw mill by-products. These will provide, in the form of chips, about 15% of our present pulpwood requirements.

Your Company has a number of long term purchase contracts for pulpwood to supply the new mill at Brewton, Alabama.



New paperboard mill under construction at Santa Clara, California.

SALES

The following table gives the dollar amount and percentage of fabricated products of total sales:

Corrugated and solid fibre shipping containers	128 511 815	47%
Folding cartons, fibre cans and flexible packages	86 745 519	31
Total fabricated products	215 257 334	78
Paperboard, pulp and waste paper	38 910 177	14
Wood products	21 841 254	8
Total sales	276 008 765	100%

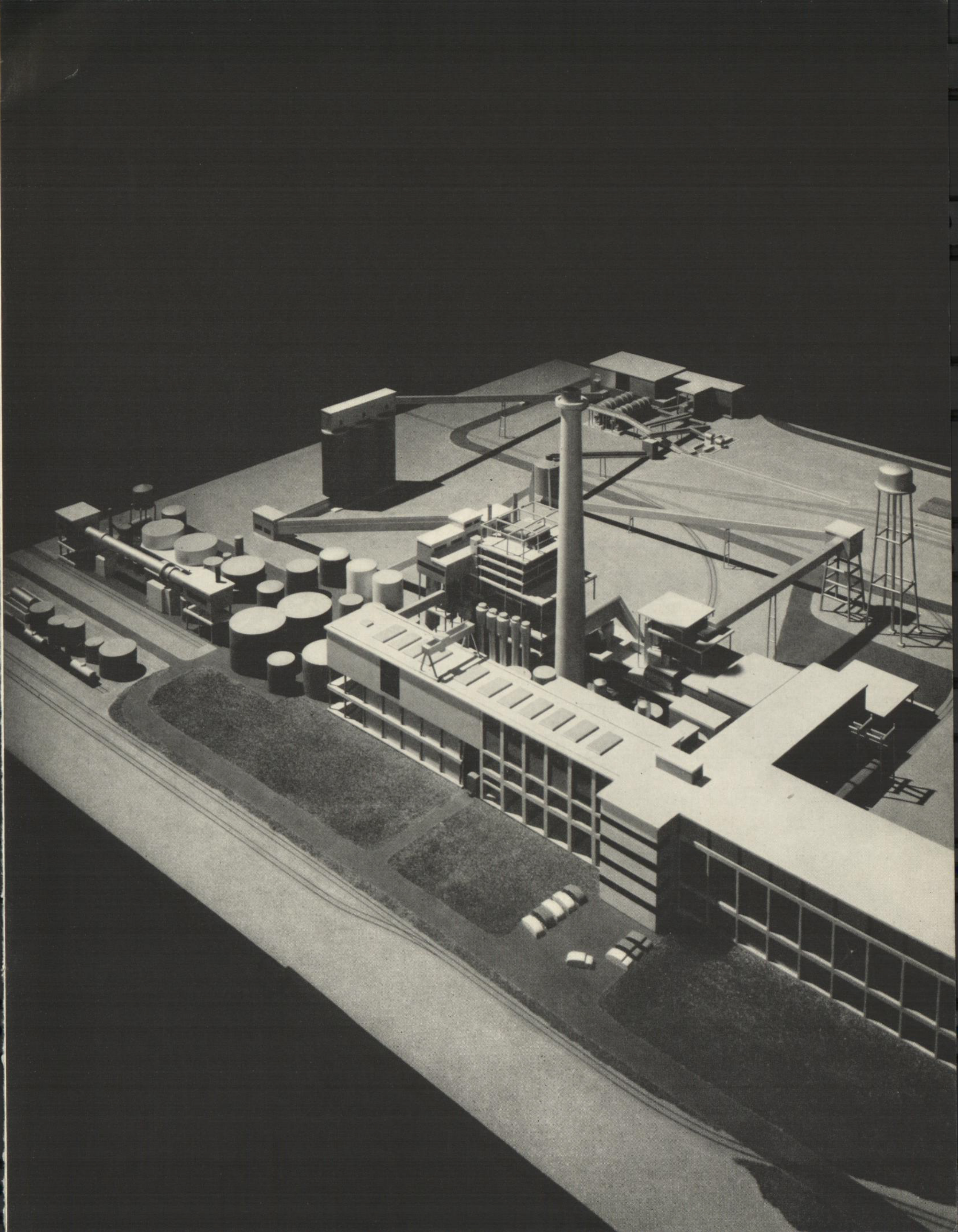
More colorful designs on both folding cartons and shipping containers are the result of better recognition of the value of the package as a means to stimulate sales. Color lithography on folding cartons, colored liners, and multi-color printing on containers is being used to a greater extent than ever. Your Company's design laboratories and color specialists assist customers in choosing the most effective designs and the variety of printing equipment assures reproduction by the most suitable process.

In the field of retailing, the multiple unit of sale in carry home cartons continues to grow in popularity, and market research indicates that their use will be extended to food products in tin and glass which up to now have been handled singly. Folding cartons for these sales units require automatic or semi-automatic loading equipment designed by your Company's engineers.

In 1956 your Company received nineteen awards for folding carton designs. There was no competition for shipping container designs in 1956.

Your Company now has over four hundred salesmen actively selling its various products. A new

Model showing the bleached sulphate pulp and board mill under construction at Brewton, Alabama.



Solid fiber shipping containers.

incentive plan for salesmen in the container division was developed during the last two years. It is producing results beyond expectations in sales effectiveness. Here again, while some benefits were realized in the past year, it is fully expected that 1957 will witness cumulative effects.

INDUSTRY CONDITIONS

The paperboard industry operated at 94% of capacity. It produced 14,236,171 tons, an increase of 1.6% over the previous year. The fibre and corrugated box industry experienced a 2.6% increase in unit shipments, and the folding carton industry, a decrease of 1.4%.

SUBSIDIARY AND AFFILIATED COMPANIES

The wholly owned domestic subsidiaries included in the consolidated profit and loss and balance sheet accounts are the following:

California Container Corporation
Pioneer Paper Stock Company
Sefton Fibre Can Company
Wayne Paper Box and Printing Corporation

As mentioned elsewhere in this report, 96.8% of the outstanding stock of The Mengel Company is owned by your Company and its figures are also consolidated.

FOREIGN INVESTMENTS. Carton Internacional S. A. of Panama is a wholly owned subsidiary. Its assets consist primarily of 50% to 80% ownership in paperboard, container, and folding carton operations in Colombia, Mexico, and Venezuela. Total sales of these properties in 1956 were about $18,700,000, compared with $14,077,000 in 1955, or an increase of 32.8%. Container Corporation's investment in and advances to these Latin American operations amounted to $3,628,645. All of the properties are operating at a profit, and all of them are paying moderate dividends into your Company's fully owned subsidiary, Carton Internacional.

Your Company's investment of $6,933,819 in Europa Carton A. G. represents 95.6% ownership of that company's outstanding stock. Europa Carton operates three properties in West Germany: (1) a small three machine paper mill; (2) a folding carton operation; and (3) a corrugated container factory. These properties produced a profit in their first

Corrugated shipping containers made in various factories of the company.

year of operation for Europa Carton and should increase their earnings substantially in 1957. By far the largest part of Europa Carton's investment lies in the construction of the new paperboard mill of 110 tons a day capacity at Hoya, south of Bremen. This mill is expected to be completed and in operation toward the last quarter of this year. It is expected to produce satisfactory profits after the usual starting-up adjustments.

Container Corporation's foreign investments represent 6.5% of its total assets. Including the West German paperboard mill, sales of all foreign operations should equal about 9% of the Corporation's domestic sales.

EMPLOYEE RELATIONS

Labor relations were satisfactory during the year, with no work interruptions.

At the year end there were 15,434 men and women employed in the Company, excluding 212 employees serving in the Armed Forces.

SAFETY. The overall safety performance of your Company was somewhat more favorable than last year, with fourteen plants operating throughout the year without a lost time accident.

RETIREMENT ANNUITY PLAN. At the end of the year, participation in your Company's retirement annuity plan in effect since January 1, 1941 was 87.3% of those employees eligible. Combined employee and Company contributions for the year 1956 aggregated $3,869,240; of this amount the employees contributed $1,547,696 and the Company $2,321,544. Since the retirement annuity plan has been in effect, 393 employees have received annuities thereunder, and as of the end of the year, 326 employees were currently receiving annuity payments.

GROUP INSURANCE. Your Company's Group Insurance Plan was improved at no additional cost to the employees by increasing the allowances for hospital board and room.

The dependent benefits were expanded by making available a schedule of surgical allowances at additional cost to those employees in the plan.

MANAGEMENT PROFIT SHARING PLAN. On December 7, your Directors modified this plan so that the amounts available for distribution under it were reduced by 66⅔%. Before revision, 15% of the pre-tax profits, after a 6% return on invested capital, was distributable; the Directors' action reduced the 15% to 5%. The non-participating Directors responsible for the final determination of payments under the plan authorized total payments to sixty seven participants aggregating $582,800, compared with $548,000 in the previous year, an increase of 6.4%, while net earnings of the Company increased 11.1%. Payments made were the following: 15.3% to the Chairman of the Board, 8.1% to the President, 7.2% to the Executive Vice President, 30.8% to 9 Vice Presidents, and 38.6% to fifty-five other salaried employees, including the Secretary and the Treasurer.

STOCK OPTION PLAN. During the year the Board of Directors recommended and the shareholders approved a plan to grant to key management employees, including officers, of the Corporation and subsidiaries, options to purchase Common stock of the Corporation. The plan was adopted in the belief that it would be an important factor in promoting the interests of the Corporation and its shareholders by creating a strong incentive which would be reflected in even more successful operation.

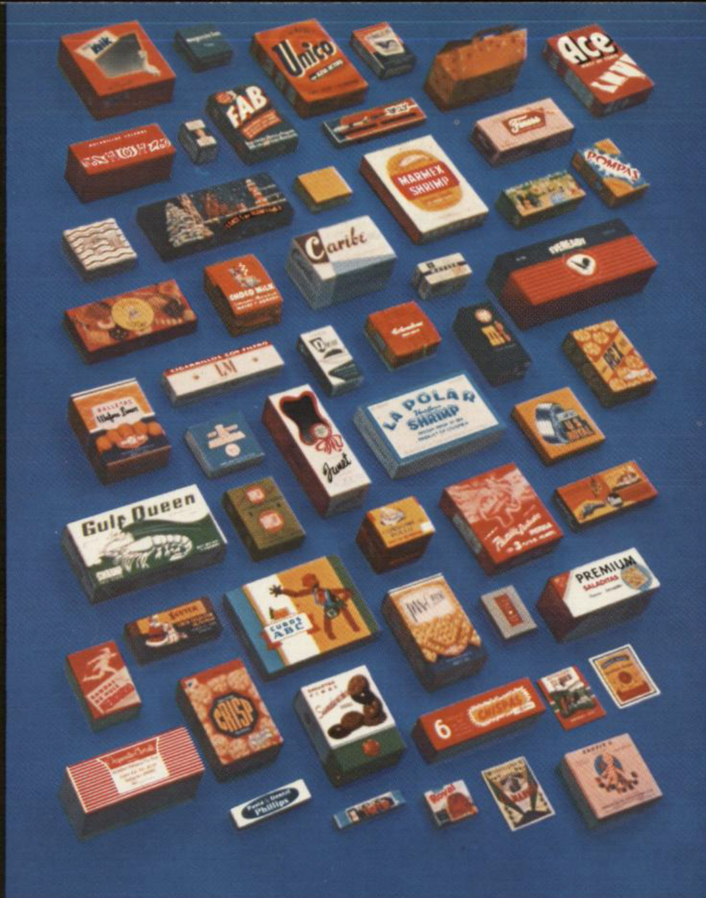
The plan made available 680,000 shares for issuance upon the exercise of options (originally 170,000 shares, adjusted for the stock split which occurred after the adoption of the plan). Options were granted during the year for the purchase of 583,000 of the shares, at an average price of $20.12. By the end of the year options for the purchase of 14,800 shares had lapsed because of death or other termination of employment of optionees, leaving 568,200 shares under option and 111,800 shares available for the granting of additional options.

CONTAINER COMMON STOCK BONUS PLAN. In 1956 the company contributed $1,138,788 to the Common Stock Plan for the benefit of 1,419 employee members. The Fund owned 350,387 shares, slightly more than 3% of the outstanding common stock of the company.


SALUDA
BATH SET
PHILCO
Beacon Blanket
Ansco
UNIVERSAL FLASH UNIT
WAMSUTTA
Minuet
Jantzen
SNOW MATES
TEMPLEFORM HATS
FLINT
twin autoflor
SMUCKER'S
JAM
CATERPILLAR
QUALITY PARTS
Turner Togs
sportswear
AMOCO
FAN BELT
MERRY MAKER
8 pc. beverage SET
King Kole
SHIRTS
HANES
UNDERWEAR
MACSHORE CLASSICS
Heirloom
E-Z
Pendleton
SPORTSWEAR
ALWAYS VIRGIN WOOL
A·B·DICK
DUPLICATING PRODUCTS
SLIP COVERS
SPORTSMAN
LEE TUBE
TREASURE
BLANKET
Craftint
KING SIZE
PAINT-BY-NUMBER
OIL SET
CONGRESS
sports-man
Woodburning
Family Circle
MAGAZINE
AMERICA'S BEST MAGAZINE VALUE

Tide
Tide
SAVADAY
FALSTAFF
Coca-Cola
Planet
POMONA
LIGHT CRUST FLOUR
Jewel
cheer
cheer
KING SIZE
Firefly FLASHLIGHT
SMART
GLOWING
NEW
GLOWS
Kool-Aid
Kool-Aid
OLDE TYME CORN BREAD MIX
MRS BAIRDS BUNS
LUCKY STRIKE
L.S. M.F.T.
INSTANT
FELS NAPTHA
FELS NAPTHA
Hi Ho
Hi Ho
REGAL PALE
MOTT'S
TAYLOR
SNOWBALLS
coets
WATER MAID RICE
Ocean Spray
AUSTEX DOG FOOD
KIBBLED
COFFEE CAKE
QUAKER STATE
DETERGENT ADDITIVE
Uncle Ben's
Bowman ICE CREAM
CLOTHES PINS
PALL MALL
Piels
Piels
Blitz
AUSTIN'S DOG FOOD
LAND O LAKES
Borden's
neapolitan
TEDDIE
BUY 2 CANS GET 1 FREE
LUDEN'S
LUDEN'S
LUDEN'S
LUDEN'S
STARBACK
Sunnybank
TOP FROST
BUTTER
PRE-FLUFFED RICE
GLADIOLA
Vegetole SHORTENING
Crown
Sealtest ICE CREAM
VANILLA
KRUEGER
BC
HEADACHE
Old Gold
AQUA VELVA
EGG NOODLES
Viva
VO
VICKS
VICKS
VICKS
VICKS
VICKS
Welch's Pom Poms
Philip Morris
Morton's
STRAWS
CM
LOVABLE

LONE STAR
Treats
POTATO CHIPS
Schlitz
RED STAR
CUT-RITE
FAB
Hunt Club
Fort Pitt
Rheingold
Scotties
IVORY SNOW
PAAS
Hampden
AMERICAN FAMILY FLAKES
CUDAHY'S REX PURE LARD
20 MULE TEAM BORAX
STARLAC
Cheerios
Ballantine
TASTYKAKE
Miller
KING SIZE
HERSHEY'S
LUCKY LAGER
IMPERIAL SUGAR
Royal
San Giorgio
Pfeiffer's
RAIN DROPS
JACK FROST
Old Tap
CRACKERS
KLEENEX TISSUES
RED CAP
trend
Cinch
Bachman PRETZEL STIX
Pearl
VANILLA WAFERS
Champagne
Lipton
STRAWBERRY
White Satin SUGAR
Hi-Q
Pamper
ESKIMO PIE
Budweiser
MRS. TUCKER'S
Camel
VANILLA
CONMEL
OLDE TYME CORN BREAD MIX
VELVEETA
SALTIES
Holly POWDERED sugar
Velvo
Sunkist Orangeade
Arden Butter



Folding cartons produced by the Latin American affiliates.

Folding cartons produced in West Germany by Europa Carton.

GENERAL

THE CONCORA FOUNDATION. This Foundation was established in 1951. Container Corporation has from time to time made contributions to it aggregating $3,000,000 over six years. The contributions made by the Foundation over this six year period amounted to $1,106,627. The Foundation has had interest and dividend earnings of $152,798. Its present book value of assets is $2,046,171. During 1956 it received no contribution from Container Corporation. Concora's contributions of $240,033 in 1956 were divided as follows: 56% to education, 39% to charitable institutions and 5% to scientific, literary and cultural organizations.

ORGANIZATION

The Board of Directors, in January 1956, accepted with great regret the resignation of Colonel Henry B. Clark, a member of the Board of Directors for twenty-five years. Colonel Clark had submitted his resignation for reasons of health. He had served the Board and the Company faithfully, conscientiously, and intelligently during these many years. We shall all miss him. After Colonel Clark's resignation was accepted, the number of Directors on the Board was reduced from nine to eight.

It is recorded with deep regret that Laurence T. McCurdy, Vice President of the Company, died at the age of 59, after thirty six years of continuous loyal and faithful service to the Company.

On December 31, Earl A. Wagonseller, who had expressed a wish to retire over a year ago, voluntarily withdrew from service with the Company. Mr. Wagonseller had been continuously with the Company since 1928. During the last 25 years he served as head of the Law Department and Secretary of the Company, discharging both functions with ability and conscientiousness.

Once more, on behalf of the Board of Directors, sincere appreciation is expressed to all members of the organization both hourly and salaried for their important contributions in making 1956 the best year on record.

Cordially,

Chairman of the Board

President

The Annual Meeting of the shareholders will be held on Wednesday, April 17, 1957. A notice of the meeting, together with a form of proxy and a proxy statement, will be mailed to shareholders on or about March 22, 1957, at which time proxies will be requested by the management.

COMPARATIVE CONSOLIDATED BALANCE SHEETS—DECEMBER 31, 1956 AND 1955

ASSETS	Gross	Reserves	1956	1955
CURRENT ASSETS:				
Cash			$ 8 535 561	$ 8 397 667
U. S. Government securities			8 557 724	9 821 524
Receivables, less reserves			15 078 480	14 634 476
Inventories of finished goods, work in process, raw materials and supplies—priced at the lower of average cost or market			22 251 600	23 521 692
Total current assets			54 423 365	56 375 359
INVESTMENTS AND ADVANCES, at cost:				
Investments in and advances to subsidiaries not consolidated (Note 1)			10 562 464	6 516 086
Other			1 500 631	541 962
			12 063 095	7 058 048
CASH AND SECURITIES SET ASIDE FOR ADDITIONS AND IMPROVEMENTS			16 754 049	25 000 000
PLANT AND EQUIPMENT, at cost (including properties acquired for capital stock):				
Land and timberland, less depletion	8 435 776	—	8 435 776	8 701 525
Buildings	24 871 511	11 108 570	13 762 941	14 400 431
Machinery, equipment, etc.	79 564 129	41 221 409	38 342 720	35 866 527
Leasehold and leasehold improvements	8 326 338	5 756 516	2 569 822	2 450 183
Mills and plants under construction	12 889 057	—	12 889 057	917 817
	134 086 811	58 086 495	76 000 316	62 336 483
PREPAID AND DEFERRED CHARGES			3 803 555	3 713 003
GOODWILL AND PATENTS			1	1
			$163 044 381	$154 482 894

LIABILITIES	1956	1955
CURRENT LIABILITIES:		
Accounts payable	$ 2 374 542	$ 3 589 592
Accrued liabilities	8 847 094	8 242 302
Provision for Federal taxes on income	17 362 662	19 115 484
Less—U. S. Government securities to be applied in payment thereof	***17 362 662***	***18 537 046***
Total current liabilities	11 221 636	12 410 332
LONG-TERM DEBT:		
3.30% sinking fund debentures due July 1, 1980	35 000 000	35 000 000
Notes of The Mengel Company (noncurrent portion)	700 000	850 000
	35 700 000	35 850 000
MINORITY INTEREST IN THE MENGEL COMPANY	645 403	6 782 155
CAPITAL:		
4% cumulative preferred stock, $100 par value; authorized and issued 82,000 shares	8 200 000	8 500 000
Common stock—December 31, 1956, authorized 15,000,000 shares of $5 par value, 10,508,892 issued; December 31, 1955, 2,522,451 shares of $10 par value issued (Note 2)	52 544 460	25 224 510
Shareholders' investment in excess of par value (paid-in surplus)	—	19 913 890
Earnings retained for requirements of the business (earned surplus) (Note 3)	55 591 567	46 409 690
Deduct—Cost of 9,038 shares of 4% cumulative preferred stock held in treasury at December 31, 1956	***858 685***	***607 683***
	115 477 342	99 440 407
	$163 044 381	$154 482 894

Notes: (1) Equity in net assets at December 31, 1956, and in undistributed profits for 1956, of subsidiaries not consolidated, all of which are foreign, including the equity of a foreign subsidiary in associated foreign companies, was approximately $13,800,000 and $1,150,000, respectively.

(2) Under the stock option plan approved by the shareholders in April, 1956, 680,000 shares of the new $5 par value common stock have been reserved for sale to officers and key employees of the company and its subsidiaries at prices equal to the fair market value on the dates the options are granted. At December 31, 1956, options for the purchase of 568,200 shares at prices ranging from $19-¾ to $23-⅛ per share were outstanding. These options are exercisable in five equal annual installments beginning in 1957 and will expire in 1966.

(3) Under terms of the debenture indenture, approximately $33,150,000 of the above earned surplus at December 31, 1956, was restricted as to dividends on and acquisitions of capital stock.

COMPARATIVE STATEMENTS OF CONSOLIDATED INCOME
FOR THE YEARS ENDED DECEMBER 31, 1956 AND 1955

	1956	1955
NET SALES	$276 008 765	$258 463 036
COST OF SALES	217 184 897	203 429 246
Gross income from operations	58 823 868	55 033 790
SELLING, ADMINISTRATIVE AND GENERAL EXPENSES	21 947 478	20 517 129
Income from operations (after depreciation and depletion provisions of $6,059,624 in 1956 and $5,686,373 in 1955)	36 876 390	34 516 661
OTHER INCOME, net	1 054 529	494 830
Balance before taxes on income	37 930 919	35 011 491
PROVISION FOR FEDERAL TAXES ON INCOME	19 700 000	18 600 000
Net income for the year	$ 18 230 919	$ 16 411 491

STATEMENTS OF CONSOLIDATED SHAREHOLDERS' INVESTMENT IN EXCESS OF PAR VALUE (PAID-IN SURPLUS) AND CONSOLIDATED EARNINGS RETAINED FOR REQUIREMENTS OF THE BUSINESS (EARNED SURPLUS) FOR THE YEAR ENDED DECEMBER 31, 1956

	Paid-In Surplus	Earned Surplus
BALANCE DECEMBER 31, 1955	$19 913 890	$46 409 690
ADD:		
Net income for the year	—	18 230 919
Excess of fair value of investment in The Mengel Company over par value of 104,772 shares of $10 par value common stock issued therefor	6 076 776	—
	25 990 666	64 640 609
DEDUCT:		
Cash dividends—		
Preferred stock ($4.00 per share)	—	310 618
Common stock (at rate of $.8125 per share on the new $5 par value shares)	—	8 456 860
Transfer of $26,272,230 to common stock in connection with issuance of four shares of $5 par value common stock for each share of $10 par value common stock	25 990 666	281 564
	25 990 666	9 049 042
BALANCE DECEMBER 31, 1956 (see Note 3 to balance sheet)	$ —	$55 591 567

ARTHUR ANDERSEN & CO. 120 SOUTH LA SALLE STREET, CHICAGO 3

To the Shareholders of Container Corporation of America:

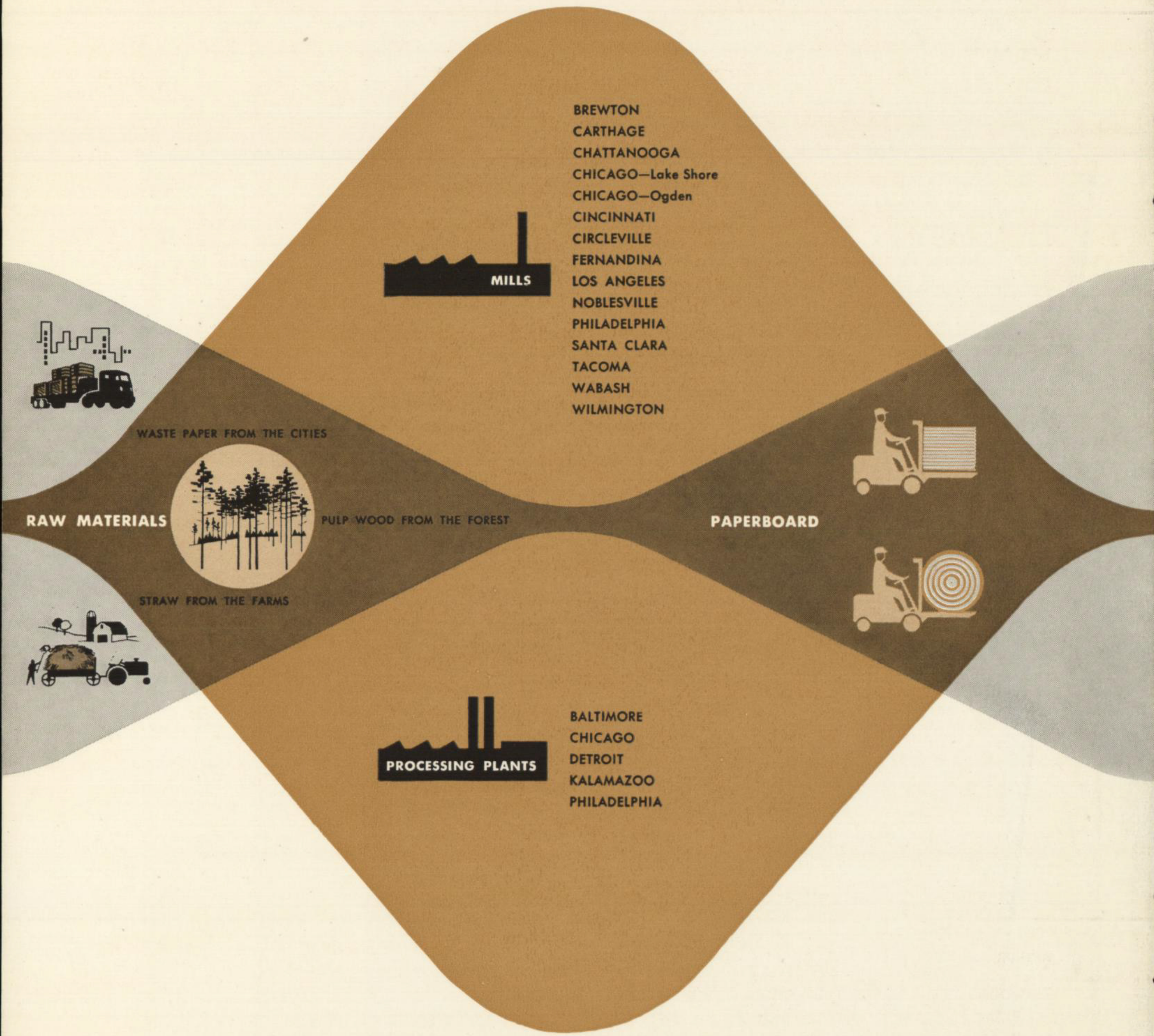
We have examined the consolidated balance sheet of CONTAINER CORPORATION OF AMERICA (a Delaware corporation) and subsidiaries as of December 31, 1956, and the related statements of consolidated income, consolidated shareholders' investment in excess of par value, and consolidated earnings retained for requirements of the business for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and statements of consolidated income, consolidated shareholders' investment in excess of par value, and consolidated earnings retained for requirements of the business present fairly the financial position of Container Corporation of America and subsidiaries as of December 31, 1956, and the results of their operations for the year then ended, and were prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Chicago, Illinois, February 4, 1957.

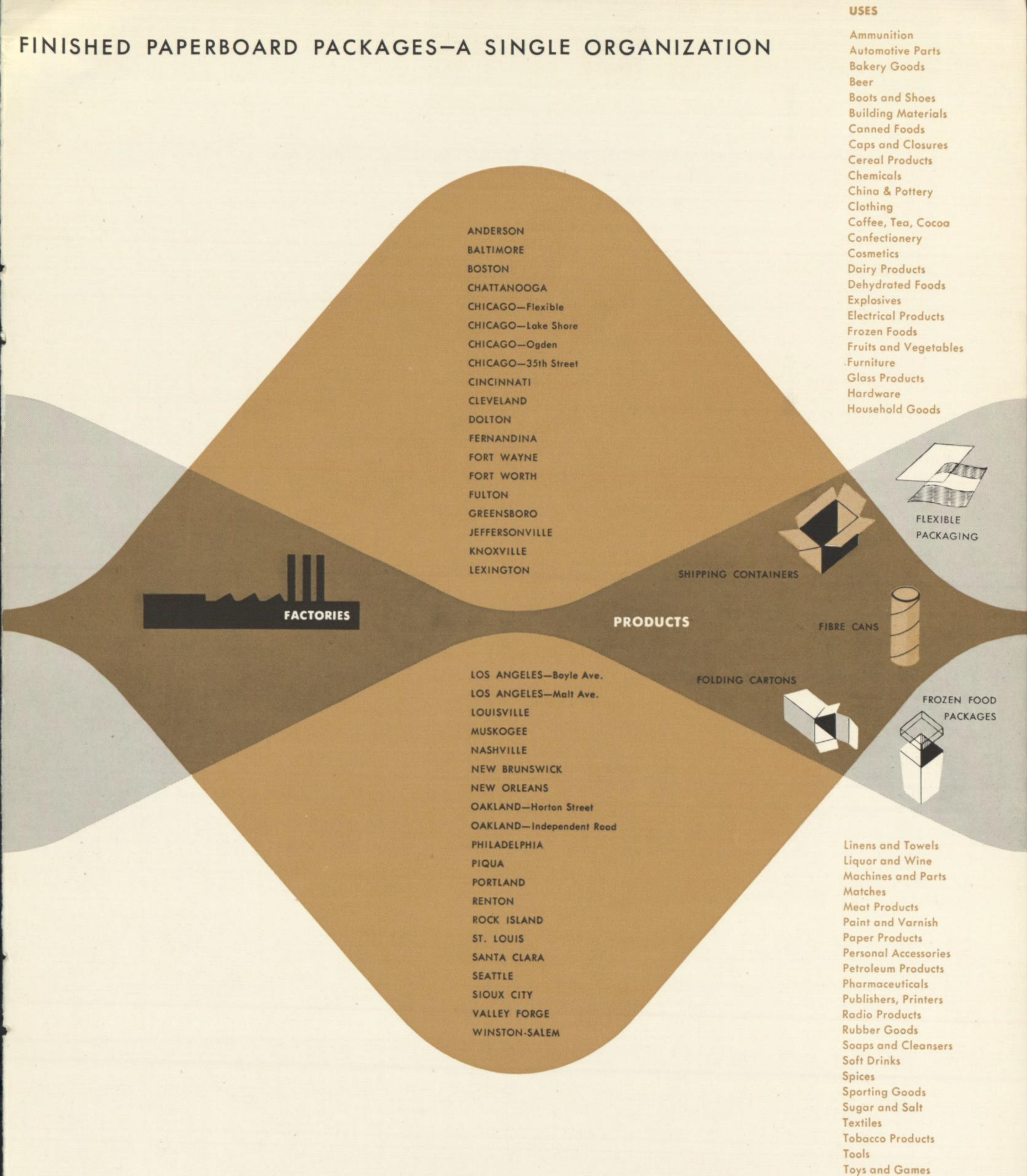
ARTHUR ANDERSEN & CO.

INTEGRATION FROM RAW MATERIALS TO



SOURCES AND FLOW OF PRIMARY MATERIALS THROUGH MILLS AND

FINISHED PAPERBOARD PACKAGES—A SINGLE ORGANIZATION



FACTORIES OF **CONTAINER CORPORATION OF AMERICA**

YEAR-END BALANCE SHEETS FOR TWELVE YEAR PERIOD ENDED DECEMBER 31, 1956

ASSETS

	1956	1955	1954	1953	1952
Cash and U. S. Government securities	17 093 285	18 219 191	10 778 656	15 796 013	15 200 591
Receivables, less reserves	15 078 480	14 634 476	8 941 532	7 503 418	8 619 054
Inventories	22 251 600	23 521 692	13 790 287	10 261 548	12 100 069
Total current assets	54 423 365	56 375 359	33 510 475	33 560 979	35 919 714
Cash and U. S. Government securities set aside for additions and improvements	16 754 049	25 000 000	1 318 239	5 514 683	428 552
Investments and advances	12 063 095	7 058 048	11 789 380	2 565 548	1 715 726
Land and timberland	8 435 776	8 701 525	5 636 888	4 420 563	4 350 340
Buildings, machinery and equipment	125 651 035	109 288 928	85 637 663	77 883 526	74 917 962
Reserves for depreciation	***58 086 495***	***55 653 970***	***42 181 270***	***38 385 114***	***35 254 114***
Deferred charges	3 803 555	3 713 003	2 621 104	1 880 217	2 712 523
Goodwill and patents	1	1	1	1	1
	163 044 381	154 482 894	98 332 480	87 440 403	84 790 704

LIABILITIES

	1956	1955	1954	1953	1952
Accounts payable	2 374 542	3 589 592	2 389 886	1 350 227	2 016 989
Accrued liabilities	8 697 094	7 572 419	6 010 055	3 975 411	4 716 491
Provision for Federal taxes on income	—*	578 438*	—*	—*	—*
Sinking fund payable within a year and current portion of long term debt	150 000	669 883	550 333	374 535	337 995
Total current liabilities	11 221 636	12 410 332	8 950 274	5 700 173	7 071 475
3.3% Debentures, due July 1, 1980	35 000 000	35 000 000	—	—	—
Long term notes	700 000	850 000	—	—	—
Minority Interest in the Mengel Company	645 403	6 782 155	—	—	—
Reserve for contingencies	—	—	—	—	—
Capital:					
Preferred stock	8 200 000	8 500 000	8 800 000	9 100 000	9 400 000
Common stock	52 544 460	25 224 510	24 957 850	19 809 480	19 809 480
Investment in excess of par value	—	19 913 890	18 409 927	3 829 851	3 829 851
Earnings retained	55 591 567	46 409 690	37 822 562	49 606 434	45 284 893
Sinking fund for retirement of preferred stock	***858 685***	***607 683***	***608 133***	***605 535***	***604 995***
	163 044 381	154 482 894	98 332 480	87 440 403	84 790 704
*Provisions for Federal taxes on income	17 362 662	19 115 484	16 935 190	21 086 718	22 435 957
Less U. S. Government Securities	17 362 662	18 537 046	16 935 190	21 086 718	22 435 957
Shareholders' investment	115 477 342	99 440 407	89 382 206	81 740 230	77 719 229
Investment per common share—Adjusted for the four for one split in 1956	10.29	9.07	8.13	7.40	6.96
Working capital	43 201 729	43 965 027	24 560 201	27 860 806	28 848 239
Current ratio	4.85 to 1	4.54 to 1	3.74 to 1	5.89 to 1	5.08 to 1

1951	1950	1949	1948	1947	1946	1945
10 268 094	7 456 055	13 085 746	9 758 037	7 281 531	6 050 656	5 612 054
8 559 391	9 733 435	4 709 071	4 918 005	6 180 152	5 115 371	3 081 785
11 688 373	11 924 620	7 334 972	8 630 364	9 270 857	6 136 154	4 529 376
30 515 858	29 114 110	25 129 789	23 306 406	22 732 540	17 302 181	13 223 215
3 007 331	3 500 000	4 000 000	4 350 000	6 000 000	4 000 000	—
1 661 084	1 286 187	1 031 307	1 273 932	1 317 990	1 596 964	1 324 789
4 605 894	4 598 890	4 127 968	4 050 794	3 827 846	3 717 904	3 549 668
69 663 809	63 186 670	57 704 750	52 725 650	45 853 731	34 758 138	29 122 070
31 781 821	***28 681 919***	***26 017 667***	***23 728 028***	***21 885 495***	***19 284 987***	***17 173 036***
1 754 186	1 121 376	1 036 349	1 188 846	786 845	803 285	482 755
1	1	1	1	1	1	1
79 426 342	74 125 315	67 012 497	63 167 601	58 633 458	42 893 486	30 529 462
1 580 387	3 060 885	1 811 759	1 910 061	3 019 510	2 037 779	2 309 871
4 236 232	3 135 403	2 405 818	2 647 878	2 470 144	2 184 104	1 835 630
—*	—*	—*	—*	—*	—*	—*
55 825	323 785	106 575	—	—	—	—
5 872 444	6 520 073	4 324 152	4 557 939	5 489 654	4 221 883	4 145 501
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	955 190	1 110 522	1 110 522	2 000 000	1 400 000
9 400 000	10 000 000	10 000 000	10 000 000	10 000 000	—	—
19 809 480	19 809 480	19 809 480	19 809 480	19 809 480	19 809 480	15 625 060
3 829 851	3 829 851	3 829 851	3 829 851	3 829 851	3 829 851	671 494
40 815 392	34 563 052	28 384 753	23 962 511	18 393 951	13 032 272	8 687 407
300 825	***597 141***	***290 929***	***102 702***	—	—	—
79 426 342	74 125 315	67 012 497	63 167 601	58 633 458	42 893 486	30 529 462
27 090 251	12 585 392	7 141 293	7 596 493	7 835 425	7 266 403	8 080 442
27 090 251	12 585 392	7 141 293	7 596 493	7 835 425	7 266 403	8 080 442
73 553 898	67 605 242	61 733 155	57 499 140	52 033 282	36 671 603	24 983 961
6.51	5.88	5.25	4.81	4.24	3.70	3.20
24 643 414	22 594 037	20 805 637	18 748 467	17 242 886	13 080 298	9 077 714
5.20 to 1	4.47 to 1	5.81 to 1	5.11 to 1	4.14 to 1	4.10 to 1	3.19 to 1

INCOME STATEMENTS FOR TWELVE YEAR PERIOD ENDED DECEMBER 31, 1956

	1956*	1955*	1954	1953	1952
Sales	276 008 765	258 463 036	186 595 052	187 552 652	178 408 152
Cost of Sales	217 184 897	203 429 246	145 808 593	147 939 847	137 282 965
Gross earnings	58 823 868	55 033 790	40 786 459	39 612 805	41 125 187
Selling, administrative, and general expenses	21 947 478	20 517 129	12 919 120	12 252 693	11 632 175
Earnings from operations	36 876 390	34 516 661	27 867 339	27 360 112	29 493 012
Other income and ***deductions,*** net	1 054 529	494 830	1 136 893	812 836	889 936
Earnings before Federal taxes on income	37 930 919	35 011 491	29 004 232	28 172 948	30 382 948
Provision for Federal taxes on income	19 700 000	18 600 000	15 400 000	18 045 000	20 100 000
Net earnings for the year	18 230 919	16 411 491	13 604 232	10 127 948	10 282 948
Provisions for contingencies reserve	—	—	—	—	—
Balance to earnings retained	18 230 919	16 411 491	13 604 232	10 127 948	10 282 948
Depreciation provided	6 059 624	5 686 373	4 109 753	3 930 557	3 668 041
Earnings per share:					
Preferred stock	249.87	195.09	155.62	114.19	112.59
Common stock—adjusted for the four for one split in 1956	1.71	1.59	1.33	.99	1.00

RECORD OF DIVIDENDS FOR TWELVE YEAR PERIOD ENDED DECEMBER 31, 1956

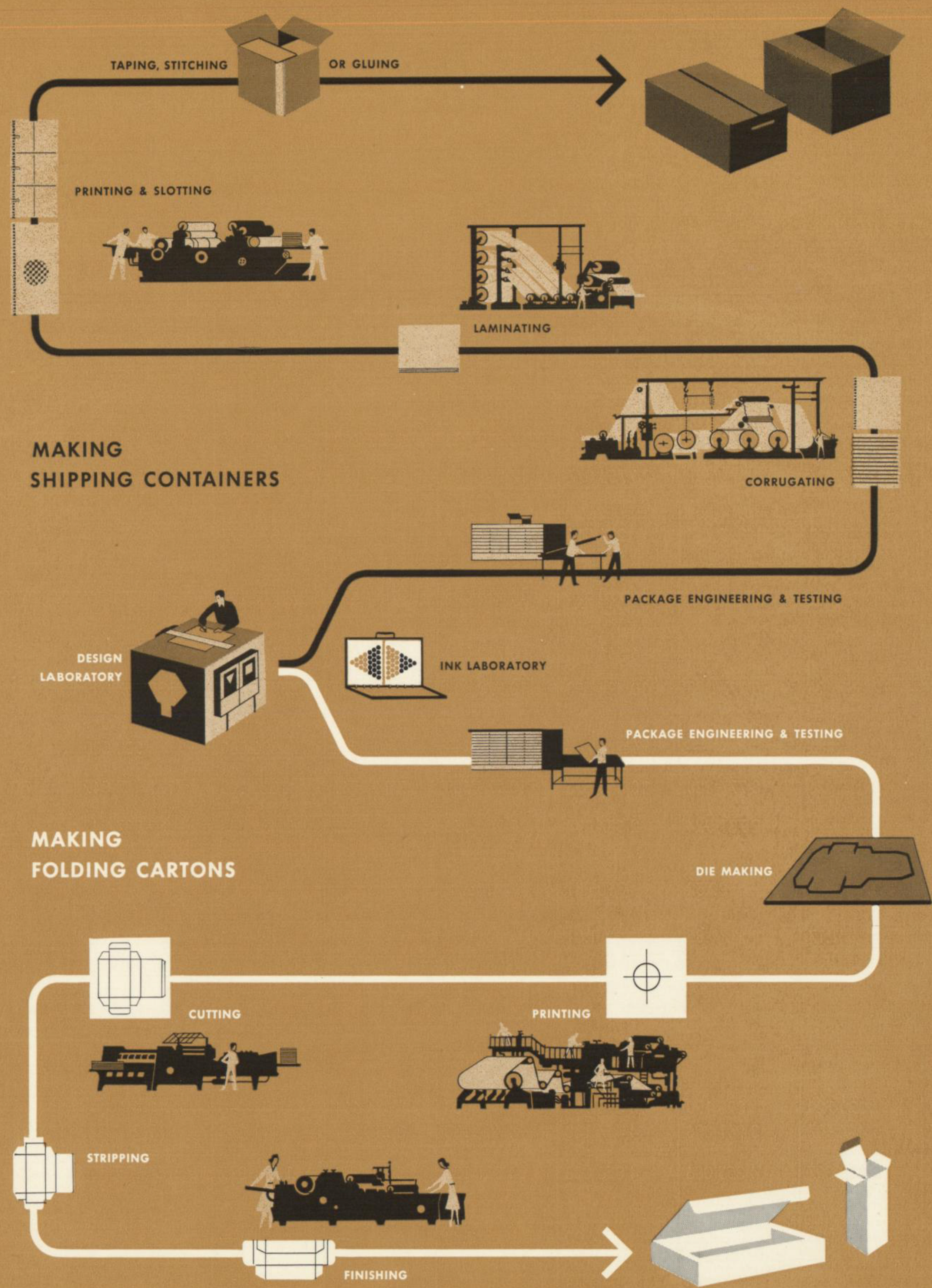
	1956*	1955*	1954	1953	1952
Dividends:					
Preferred stock	310 618	337 008	349 235	358 800	365 840
Common stock	8 456 860	7 487 355	6 219 863	5 447 607	5 447 607
Total dividends	8 767 478	7 824 363	6 569 098	5 806 407	5 813 447
Dividends per share:					
Preferred stock	4.00	4.00	4.00	4.00	4.00
Common stock—adjusted for the four for one split in 1956	.81¼	.75	.62½	.55	.55

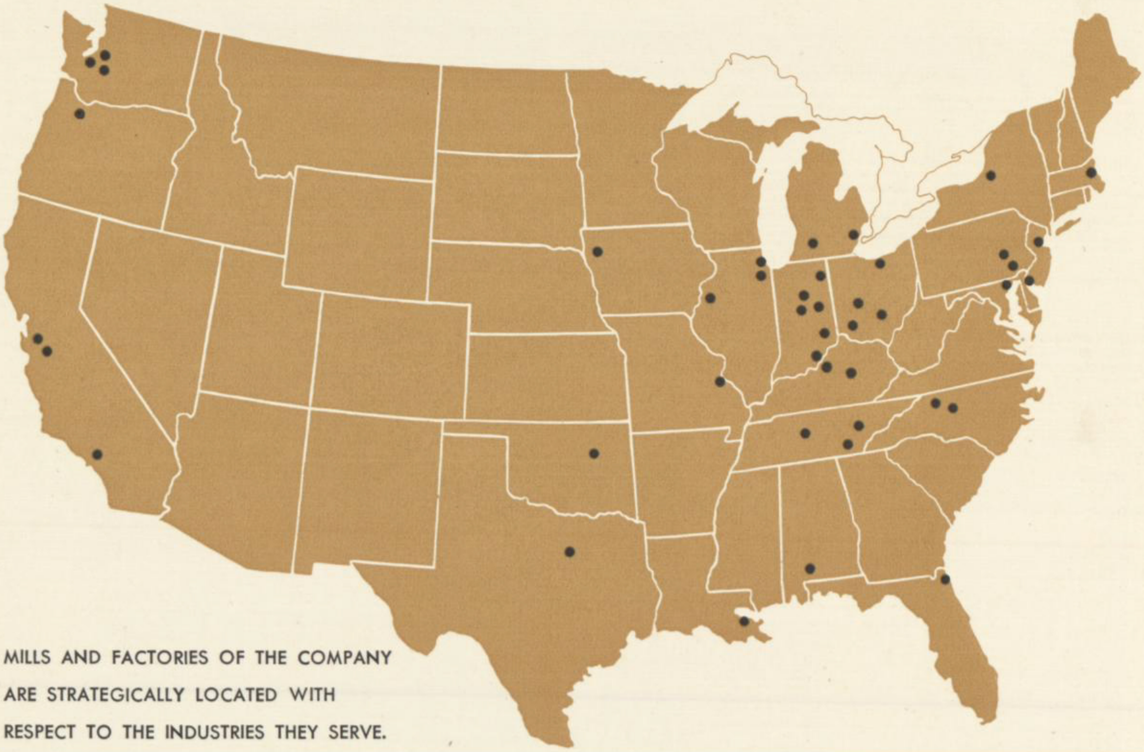
*Includes The Mengel Company for 1955 and 1956 and Wayne Paper Box and Printing Corporation for 1956.

1951	1950	1949	1948	1947	1946	1945	TOTAL
212 562 019	154 841 198	114 770 627	131 056 327	128 345 675	91 090 286	74 138 191	1 993 831 980
165 327 034	123 873 851	92 476 947	106 716 349	104 191 521	72 739 754	61 025 454	1 577 996 458
47 234 985	30 967 347	22 293 680	24 339 978	24 154 154	18 350 532	13 112 737	415 835 522
10 901 566	8 922 520	7 936 829	7 585 901	6 872 580	5 317 302	4 496 451	131 301 744
36 333 419	22 044 827	14 356 851	16 754 077	17 281 574	13 033 230	8 616 286	284 533 778
782 578	651 799	395 477	236 516	***307 971***	102 331	399 817	6 649 571
37 115 997	22 696 626	14 752 328	16 990 593	16 973 603	13 135 561	9 016 103	291 183 349
25 050 000	10 680 000	5 975 000	6 566 000	6 700 000	5 370 000	6 690 000	158 876 000
12 065 997	12 016 626	8 777 328	10 424 593	10 273 603	7 765 561	2 326 103	132 307 349
—	—	—	—	—	600 000	300 000	900 000
12 065 997	12 016 626	8 777 328	10 424 593	10 273 603	7 165 561	2 026 103	131 407 349
3 543 809	3 045 298	2 731 924	2 507 074	1 756 156	1 513 169	1 435 464	39 987 242
131.80	123.64	89.52	105.41	102.74	—	—	
1.18	1.17	.85	1.01	1.01	.72	.26	

366 050	390 720	393 190	398 900	344 000	4 664†	—	3 619 025
5 447 607	5 447 607	3 961 896	4 457 133	4 457 133	3 218 247	1 171 879	61 220 794
5 813 657	5 838 327	4 355 086	4 856 033	4 801 133	3 222 911	1 171 879	64 839 819
4.00	4.00	4.00	4.00	3.44	—	—	
.55	.55	.40	.45	.45	.34	.15	

†Paid on preferred stock issues of subsidiary companies. Such issues were retired in 1946.


TAPING, STITCHING
OR GLUING
PRINTING & SLOTTING
LAMINATING
MAKING
SHIPPING CONTAINERS
CORRUGATING
PACKAGE ENGINEERING & TESTING
DESIGN
LABORATORY
INK LABORATORY
PACKAGE ENGINEERING & TESTING
MAKING
FOLDING CARTONS
DIE MAKING
CUTTING
PRINTING
STRIPPING
FINISHING



MILLS AND FACTORIES OF THE COMPANY ARE STRATEGICALLY LOCATED WITH RESPECT TO THE INDUSTRIES THEY SERVE.

PAPERBOARD MILLS

BREWTON, ALA.	CHICAGO, ILL.—Ogden	LOS ANGELES, CALIF.—57th St.	TACOMA, WASH.
CARTHAGE, IND.	CINCINNATI, OHIO	NOBLESVILLE, IND.	WABASH, IND.
CHATTANOOGA, TENN.	CIRCLEVILLE, OHIO	PHILADELPHIA, PA.	WILMINGTON, DEL.
CHICAGO, ILL.—Lake Shore	FERNANDINA, FLA.	SANTA CLARA, CALIF.	

WASTE PAPER PROCESSING PLANTS

BALTIMORE, MD.	DETROIT, MICH.	KALAMAZOO, MICH.	PHILADELPHIA, PA.
CHICAGO, ILL.			

SHIPPING CONTAINER FACTORIES

ANDERSON, IND.	DOLTON, ILL.	LOUISVILLE, KY.	ROCK ISLAND, ILL.
BALTIMORE, MD.	FERNANDINA, FLA.	MUSKOGEE, OKLA.	SEATTLE, WASH.
BOSTON, MASS.	FORT WORTH, TEX.	NASHVILLE, TENN.	SIOUX CITY, IOWA
CHATTANOOGA, TENN.	FULTON, N. Y.	NEW BRUNSWICK, N. J.	WINSTON-SALEM, N. C.
CHICAGO, ILL.—Ogden	KNOXVILLE, TENN.	OAKLAND, CALIF.	
CINCINNATI, OHIO	LEXINGTON, KY.	PHILADELPHIA, PA.	
CLEVELAND, OHIO	LOS ANGELES, CALIF.—Malt	PORTLAND, ORE.	

FOLDING CARTON FACTORIES

BOSTON, MASS.	CHICAGO, ILL.—35th Street	GREENSBORO, N. C.	SANTA CLARA, CALIF.
CHATTANOOGA, TENN.	CLEVELAND, OHIO	LOS ANGELES, CALIF.—Boyle	VALLEY FORGE, PA.
CHICAGO, ILL.—Flexible	FORT WAYNE, IND.	PHILADELPHIA, PA.	
CHICAGO, ILL.—Lake Shore	FORT WORTH, TEX.	RENTON, WASH.	

FIBRE CAN FACTORIES

JEFFERSONVILLE, IND.	OAKLAND, CALIF.	PORTLAND, ORE.	ST. LOUIS, MO.
NEW ORLEANS, LA.	PIQUA, OHIO		

CONTAINER CORPORATION OF AMERICA

38 SOUTH DEARBORN STREET, CHICAGO 3

DIRECTORS

JOHN E. BIERWIRTH, NEW YORK, NEW YORK
HENRY B. CLARK,* SAN DIEGO, CALIFORNIA
WESLEY M. DIXON, CHICAGO, ILLINOIS
JOHN L. DOLE, CHICAGO, ILLINOIS
GAYLORD A. FREEMAN, JR., CHICAGO, ILLINOIS
ALBERT H. GORDON, NEW YORK, NEW YORK
RICHARD G. IVEY, LONDON, ONTARIO, CANADA
WALTER P. PAEPCKE, CHICAGO, ILLINOIS
JOHN V. SPACHNER, CHICAGO, ILLINOIS

EXECUTIVE COMMITTEE

JOHN E. BIERWIRTH
WESLEY M. DIXON
ALBERT H. GORDON
RICHARD G. IVEY
WALTER P. PAEPCKE

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PRESIDENT, WESLEY M. DIXON
EXECUTIVE VICE PRESIDENT, JOHN V. SPACHNER
SENIOR VICE PRESIDENT, DONALD H. BREWER
SENIOR VICE PRESIDENT, LEO H. SCHOENHOFEN
VICE PRESIDENT, LAURENCE A. COMBS
VICE PRESIDENT, FREDERICK S. CRYSLER
VICE PRESIDENT, LAURENCE T. McCURDY†
VICE PRESIDENT, BALFOUR PHELAN
VICE PRESIDENT, JOHN G. ROBINSON
VICE PRESIDENT, FRANK J. SAUER
VICE PRESIDENT, RALPH E. WHITE
VICE PRESIDENT AND CONTROLLER, CARL M. BLUMENSCHEIN
TREASURER, PAUL W. GUENZEL
SECRETARY, EARL A. WAGONSELLER**

TRANSFER AGENTS

HARRIS TRUST AND SAVINGS BANK, CHICAGO, ILLINOIS
CITY BANK FARMERS TRUST COMPANY, NEW YORK, NEW YORK

REGISTRARS

CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY, CHICAGO, ILLINOIS
THE NEW YORK TRUST COMPANY, NEW YORK, NEW YORK

*Retired January 21, 1956 †Died August 17, 1956
**Retired December 31, 1956

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